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perhaps the least satisfactory portions of the work. The third book, on "Insurance," is short (60 pages) but suggestive. The final book, on "Transportation," brings the author again to more familiar ground. It contains a most interesting account of the development of means of transportation in general, with a consideration of the economic principles involved, followed by three chapters devoted specifically to "Highways and Canals," "Railways" and "The Post, the Telegraph and the Telephone."

In this volume Professor Cohn has succeeded in maintaining his reputation as the first of German economic essayists. The only other work with which this can be compared is the volume of Roscher on the same subject, and Professor Cohn's book stands the comparison very well. There were, indeed, far less difficult questions of pure theory to be solved in this volume than in the preceding ones; but the criticism — often urged against these earlier volumes — that the author attempts to glide over the difficulties of a question by the brilliancy of his style is not so applicable here. On the contrary, this volume brings to the surface the author's strong points — his thorough acquaintance with literature, his clear method of presentation, his seizing upon the salient facts of practical importance. All this, moreover, is not at any expense of style; for this volume, like its predecessors, stands out prominently in German economic literature as one of the few books that it is easy to read. It may, indeed, be urged that the book would have been equally valuable had its bulk been diminished by half. But students will be none the less grateful to Professor Cohn for having presented what is without doubt the most authoritative discussion of the theory and methods of trade and transportation.

EDWIN R. A. SELIGMAN.

Report of the Special Committee Appointed to Investigate the Relations between Cities and Towns and Street Railway Companies.

By CHARLES FRANCIS ADAMS, WILLIAM W. CRAPO and ELIHU B. HAYES, Committee. Boston, State Printers, 1898.—296 pp.

As is often the case with public documents, the most valuable part of this report is contained in the appendices, where there is accumulated a great mass of useful information about "the relations between cities and towns and street railway companies," both in Europe and in America. The general street railway laws of various states and countries are given either in full or in abstract, and the situation in many cities is described in some detail. Mr. Robert P.

Porter contributes an elaborate argument against municipal ownership, based upon the experience of Great Britain; while the report of Mr. Walter S. Allen, secretary to the committee, gives a general view of the various existing methods of granting franchises and of the various conditions accompanying them, and a brief historical sketch of street railway development in Massachusetts. The report itself is in some respects disappointing: it seems to be a queer mixture of conservatism and radicalism, as if the committee had felt obliged to make concessions in both directions, but had not maturely considered just what concessions could best be made.

The first practical problem discussed by the committee—one which it was especially directed to consider—is the need of legislation to establish a more fixed tenure of franchises. The committee admits the illogical character of the present system of perpetual grants nominally revocable at will, but expresses itself as satisfied with it in operation. It is announced with a naïve air of original discovery that the companies preferred, on the whole, franchises practically permanent. The term-franchise is objected to as “a check on enterprise, and a bar in the way of any development involving the investment of fresh capital”; but, while the committee claims to base this objection upon experience, the only specific instance given is the case of Berlin, where the railway is to revert to the city without compensation. By ignoring the best of the European local transit systems the committee readily forms the opinion that American street railways are far superior to those of Europe, and it assumes throughout that this mechanical superiority is due to no other cause than the open-handed liberality of American legislatures and city councils. The term-franchise is held responsible not only for poor service, but also for dissension, scandals and unhealthy political action! “Wherever there was a term-franchise about to expire,” says the committee, “there was strife”—a statement based apparently upon the strivings of the people of Cleveland for better things. The committee seems to forget that the most perfect system of traction in use, even leaving underground railways out of the question, was first introduced in Europe, under a limited franchise of the strictest character; that the overhead-trolley system, for which such unbounded admiration is expressed, would be ill-adapted to the narrow streets of most European cities, whatever may be thought of it in America; and that “unhealthy political action” has been known even in connection with permanent franchise grants.

Of the positive recommendations, the most remarkable is the draft of a bill giving municipalities power either to construct street railway lines or to acquire existing lines by condemnation, but leaving the conduct of the business in all cases in the hands of private corporations. Cities building new lines are left quite free to make their own terms with the operating companies; but when existing lines are acquired, the rental is practically limited to an amount sufficient to cover interest and depreciation. What a city would be apt to gain from such an arrangement, except an increase of indebtedness which the ownership of the tracks would never help it to cancel, the report fails to explain; but the proposal seems to be based upon the theoretical conception of a street railway track as part of the street pavement. For the sake of this passive and unprofitable municipal ownership the committee waives its objection to term-franchises. Although it sees no advantage in limiting the term for which streets with ordinary pavements may be leased, it would limit the leases of these "special pavements," when acquired by condemnation, to seven years, under such conditions that nothing would be gained by the frequent renewals.

Another semi-radical proposition appears in a bill which provides that each company must pay, in addition to the general corporation tax, an amount equal to the excess of its dividends over eight per cent, unless its average dividends shall have fallen below six per cent. A tax based upon dividends might work better in Massachusetts than elsewhere in America, because of the comparatively efficient control of the companies in respect to capitalization; yet the committee itself admits that "in some cases they have been over-capitalized, through questionable processes of financing." Moreover, it is difficult to see why a corporation which is dependent upon special privileges for the right to do business should be allowed eight per cent, even on the actual investment, before being called upon to pay anything more than is paid by corporations engaged in ordinary competitive undertakings. In other words, a progressive tax beginning with moderate rates would be better and less arbitrary than a uniform tax of fifty per cent with an excessive exemption; and gross receipts, or net earnings carefully defined and under an efficient system of control, would be a more satisfactory basis of taxation than dividends.

Curiously enough, the committee itself proposes a progressive charge, based upon gross receipts per mile — but a charge of such a nature that it would be difficult to justify the progression, or even the basis. The committee proposes to commute the obligation of

the companies to pave and repair portions of the streets and to remove snow and ice into money payments "equal to the cost of the work." The obvious basis for such a commutation is mileage, with a simple distinction between city streets and country roads where no paving is required ; but, instead of this, the committee recommends a charge of from two to three per cent of the gross receipts. The commutation of the paving obligation and a progressive tax on receipts are both good suggestions, considered separately, but they lose much of their strength by being thus identified.

With regard to the reduction of fares by the board of railroad commissioners, the committee proposes to repeal the provision that fares shall not be so reduced as to yield less than ten per cent on the investment, and to provide instead that they shall not be reduced below the average rate charged for similar service by other companies, under substantially similar conditions. The existing criterion is objected to, for the very good reason that too high fares may themselves keep the profits down ; yet it is doubtful whether the criterion proposed, which the report says is already in practical use, is a very great improvement. It might make it difficult to begin reductions from the generally prevailing rate, however justifiable they might be in certain cities. The committee evidently has in mind only the reduction of exceptionally high fares on country lines, and not reductions below the usual five-cent rate in cities. Indeed, while the importance of street railways as a means of spreading out city populations is not altogether overlooked, little interest is shown in the movement for lower fares. There is no discussion of the subject except in a few scattering sentences, the committee apparently believing, as a general proposition, what it says of Chicago, that "the only demand for a lower rate of fare comes from the socialists."

As to matters of less general interest, the committee recommends that taxes paid by street railway companies be distributed among the towns and cities in proportion to the mileage in each, as proposed by the Boston Rapid Transit Commission of 1891 and the Joint Special Committee on Taxation which reported in 1894, instead of according to the ownership of stock ; that the right of local authorities to impose conditions in granting locations be expressly recognized, but restricted as regards extensions of the conditions of the original grants ; that power to review grants protested against by owners of abutting property, and to review revocations, be vested in the board of railroad commissioners ; that the giving of free tickets to munici-

pal officials or reduced rates to any one except school children be made a sufficient ground for the revocation of the franchise; and that when the widening of streets is made necessary by the construction of a street railway, the company be required to bear part of the expense.

The committee's statistical method is peculiar. In order to show that the average rates of profit and dividends are not excessive in Massachusetts, the committee excludes from its calculation the principal street-railway system of the state, representing nearly half the total capital and more than half the earnings and dividends, and even neglects to state its financial condition separately. The statistics relating to dividends given by the committee for 1897 belong to the year 1895-96 — a poor year; while the figures given for net earnings really represent only net earnings from operation.

MAX WEST.

WASHINGTON, D. C.

Workingmen's Insurance. By W. F. WILLOUGHBY. New York and Boston, T. Y. Crowell & Co., 1898. — 386 pp.

There is singularly little with which even the captious critic could find grave fault in this admirable study by Mr. Willoughby. No one has yet put the entire experience of "labor insurance" in a form so accessible and so intelligible. The earlier attempts to meet the problem in different countries by voluntary associations are brought out in clear relief. The practical limitations of the voluntary method are fairly stated, without any dangerous conclusions that compulsion has finally and necessarily won the field. One sees as a *fact* that compulsion gains step by step in every European country. If it comes to be admitted that the working classes ought to be insured, — especially those who obviously most need insurance, — it appears impossible, after full discussion, to avoid the conclusion that compulsion is a necessity. Nothing is better in Mr. Willoughby's study than his treatment of this vexed point. We have the French and Belgian experience of employers in *la grande industrie* so pitted against the results of compulsion, as in Germany and Austria, that the student is forced to recognize that the final method is not yet definitely settled. It is seen that the voluntary system is susceptible of improvements which may give it far larger scope than was thought possible even seven or eight years ago. In whatever ratio, however, compulsion and free activities are eventually to stand, it is certain that the state must play an ever-increasing rôle along the lines of regulation and enforced publicity.